Tips For Homeowners

Taxable New Construction vs. Non-Taxable Maintenance & Replacement

“Newly Constructed” or “New Construction” - Definition

(1) Any addition to real property, whether land or improvements (including fixtures), since the last lien date; and

(2) Any alteration of land or of any improvement (including fixtures) since the last lien date (January 1st) that constitutes a major rehabilitation thereof or that converts the property to a different use.

- The market value of new construction is taxable, and is added to the existing Prop. 13 taxable value. New construction will not trigger a reassessment of the entire property.

Examples of Assessable New Construction

- New buildings.
- Land development (grading, infrastructure, foundations).
- Additions to real property including new room additions, living space, garages, other structures, swimming pools, spas, patio covers, enclosed patios, sunrooms, solariums, porches, central heating/air-conditioning, fireplaces, decks, fences or flatwork.

Examples of Non-Assessable Maintenance & Replacement

- Replacement or repair of existing improvements including roofs, garage doors, kitchen cabinets or counters, flooring, patio covers, central heating or air-conditioning equipment, windows, doors, decks, flatwork, fences.
- Replacement item(s) must be of similar size to those being replaced.
- Loans and refinancing will not increase the taxable value, regardless of the loan amount.
- Certain types of new construction are specifically excluded from assessment, including:
    - Active solar energy systems
    - Construction or installation of fire sprinkler or detection system
    - Structural improvements to make an existing building or structure more accessible to, or more usable by, a disabled person
    - Seismic rehabilitation and retrofitting improvements